

OPIC Special Report

Africa and the Middle East



A Special
Report on
the Activities
of the
Overseas
Private
Investment
Corporation

Mission to South Africa Sharpens OPIC's Focus on Changes, Opportunities

In late April, OPIC conducted its third investment mission to South Africa since normalization of U.S.-South Africa commercial relations in 1993, sharpening its focus on new opportunities in the rapidly changing nation. The April 19-26 mission emphasized participants' advanced knowledge of the South African market, the viability of specific projects and their readiness to pursue these projects.

This participation criteria held the mission to a relatively small number of delegates representing nine U.S. companies with clearly identified projects and objectives in South Africa. In Johannesburg and Cape Town, they attended high-level meetings OPIC arranged

with key representatives of South Africa's government and private sectors. The meetings concentrated on strategic investment plans in areas pertinent to the Americans' respective entities.

The two-city itinerary included sessions with the Department of Mines and Energy, the Department of Trade and Industry, U.S. Ambassador Princeton Lyman, the Johannesburg Stock Exchange, and the South African Reserve Bank, as well as manufacturers and potential franchisees.

OPIC's first mission to South Africa in February 1994 arranged almost 200

meetings between the mission's 25 American business representatives and business, community and government leaders in Durban and Cape Town. The second, in August 1995, focused on promoting trade and investment in housing and related industries. The latest mission explored investment opportunities in energy, natural resources, food

processing, finance and franchising. All three missions demonstrate OPIC's strong continuing commitment to encourage direct U.S. investment in South Africa. ■

"Within the OPIC pipeline is an ever-increasing number of South African projects requiring OPIC finance, insurance, or both. With each successful project, OPIC will be doing its part in supporting not only our own U.S. economy, but also in supporting democratic and free market-oriented economies in Africa..."

Ruth R. Harkin
President and CEO
OPIC



In the Middle East, Peace Means Business, Business Means Peace

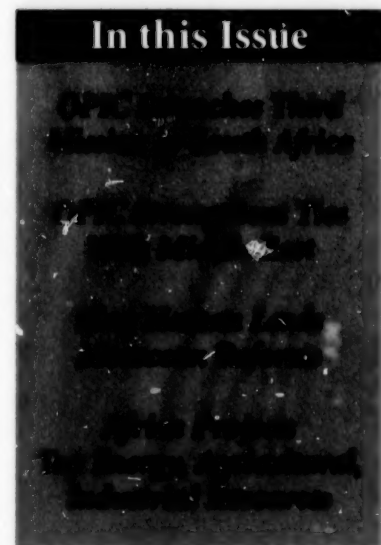
In the Middle East, perhaps more than anywhere else, OPIC understands that peace means business, and business means peace. With the development of new business opportunities, OPIC is accelerating the promotion of U.S. investment throughout the Middle East.

OPIC's first major project in the West Bank and Gaza area backs Ohio-based Bucheit International with \$3.33 million of political risk insurance. Bucheit's joint venture in Gaza will develop and operate a facility to manufacture pre-cast concrete construction material. The facility will use state-of-the-art technology and environmental practices, procuring \$500,000 in local goods and services.

OPIC has also signed financing and insurance protocols with two other U.S. firms. One is with Culligan International Corporation for a project to bottle water at a West Bank spring known since biblical times. The other is with GRdG International to build a hotel and conference center that Marriott International will manage in Gaza.

see **Middle East** on page 2

In this Issue



King Hassan Leads Reforms, OPIC Backs Moroccan Power Deal



His Majesty King Hassan II of Morocco greets OPIC President and CEO Ruth R. Harkin during his visit to OPIC in March.

His Majesty Hassan II, King of Morocco, is making fundamental economic changes in his country, opening new doors for U.S. firms and sharing OPIC objectives. "We don't want investment just for the sake of investment, but to promote a better life for our people," His Majesty told over 100 senior executives at an OPIC business roundtable.

The roundtable was part of the king's state visit to Washington in mid-March. His Majesty emphasized opportunities and encouraged U.S. investment in his country, while Moroccan Cabinet officials discussed specifics regarding the changes taking place in Morocco's economic climate.

Underscoring such changes, OPIC and CMS Energy Corporation of Dearborn, Michigan, signed a business protocol at the roundtable under which OPIC could provide up to \$200 million in political risk insurance coverage for a \$1.5 billion, 1.32 gigawatt electric power project in Morocco. CMS and its

partner, ABB Energy Ventures, are negotiating with the Government of Morocco to privatize and expand the state-owned Jorf Lasfar power plant near Casablanca. Pioneering foreign investment in this sector of Morocco's economy, the project will also generate procurement of \$200 million in U.S. goods and services, and support 750 American jobs.

"The project," says OPIC President Ruth R. Harkin, "was made possible by Morocco's efforts at economic reform over which King Hassan II has wisely presided." The CMS/ABB venture is Morocco's first private power project and its fourth and largest OPIC-backed project.

In addition to CMS, which is one of the top five independent U.S. power producers, other firms at the roundtable included AT&T, Bechtel Inc., COMSAT, EarthSat, Enron Corporation, Motorola Inc., Salomon Brothers and Warnaco Inc. ■

Middle East, continued

Completion of the two projects would create 1,800 temporary and permanent jobs for Palestinians — economic opportunities that are a critical element in efforts to enhance political stability in the region. OPIC has expressed support for other West Bank and Gaza projects totaling more than \$125 million.

Business Walls Tumble Down as West Bank-Gaza Delegation Visits U.S.

Members of Palestinian and American business communities now know each other better as potential partners, thanks to a pioneering U.S. visit organized by OPIC. In October, the 15-member Palestinian delegation visited Washington, Chicago, Detroit, Los Angeles and New York to discuss possible joint ventures for Gaza, the West Bank and Jericho. The delegation met with high-level U.S. government and business representatives, sharing information and discussing emerging opportunities in the region following the historic peace agreement between Israel and the Palestinians. ■

OPIC Investment Mission to Visit the Middle East

At press time, OPIC was finalizing plans for an investment mission that will visit Jordan, Israel, and the West Bank and Gaza in the summer of 1995. The mission, which is a follow up on the visit to the United States of the Palestinian delegation, will target tourism, infrastructure, agribusiness, light manufacturing, building and construction materials, energy and power generation, water treatment facilities, and pharmaceuticals. OPIC Executive Vice President Christopher Finn plans to chair the mission.

For additional information on the mission or OPIC activities in the Middle East, contact Abed Tarbush at (202) 336-8632, or Peter Ratzan at (202) 336-8659, fax (202) 408-5145. ■



OPIC programs are available in more than 50 countries in Africa and the Middle East.

Cape Verde

Lebanon
Israel

United
Arab
Emirates

Djibouti

Equatorial
Guinea

Sao Tome and
Principe

Mozambique

Mauritius

U.S.-African Joint Ventures Tap Energy, Agricultural, Industrial Resources

Prominent among U.S.-African joint ventures assisted recently by OPIC are several energy, telecommunications, distribution and manufacturing projects that are opening opportunities in emerging economies across the continent.

OPIC Makes Splash With Oil Drillers Off Congo's Coast

OPIC is making a splash off the coast of Congo with a hefty financing-insurance package for a petroleum-producing project. OPIC's \$50 million in financing and \$50 million in political risk insurance enabled Walter International, Inc., as operator, and Nuevo Energy Company, both of Houston, to do the deal.

The firms acquired 18 producing offshore wells, and will increase production by recompleting some existing wells and drilling some additional sites. Current production is 13,000 barrels of oil a day. The acquisition encompasses the Yombo Field, discovered in 1988 in 370 feet of water off the West African coast. Total proven reserves are approximately 56 million barrels.

Meanwhile, an OPIC-backed expansion of Gulf Africa Petroleum Corporation's (GAPCO) distribution network will help Tanzania and Uganda improve two of the world's poorest fuel supply situations. GAPCO, a Mauritius-based U.S. holding company, will acquire and expand gasoline distribution and sales facilities of two Exxon

Company-owned subsidiaries. The OPIC-backed Africa Growth Fund is investing \$3 million in equity in the project, while OPIC is putting up a \$15 million loan guaranty. GAPCO will spend about \$6 million on U.S. vehicles to distribute its gasoline.

In the agricultural sector, the Government of Ethiopia signed an \$83 million contract with F.C. Schaffer & Associates, Inc., a subsidiary of Houston-based Serv-Tech, to design and build a 4,000 ton per day sugar factory and 11,900 gallons per day ethanol plant. OPIC will provide \$50 million of political risk insurance for the project. This is one of the largest contracts ever awarded a U.S. company in Ethiopia.

OPIC Steps on the Gas to Get U.S. Firm into South Africa

Engelhard Corporation is driving into the lucrative South African automotive market, commending OPIC for a speedy assist. The Iselin, New Jersey-based company is setting up a subsidiary to

manufacture automotive emission catalysts in South Africa. An Engelhard executive complimented the OPIC staff's extra effort helping the firm achieve its difficult objective of starting up production from scratch in a six to seven month period. OPIC provided the project with \$18 million in political risk insurance. Engelhard is a worldwide supplier of the catalysts, but the new subsidiary will sell only to car makers located in South Africa.

Madagascar Looks to the Sky

OPIC is providing \$9 million in financing to a U.S. small business — Telecel International, Ltd.— to expand its network, using

both cellular and satellite technology, to several cities in Madagascar. The network will provide domestic and international telephone and data services. This is the first project OPIC has assisted in this island nation. ■

Who is OPIC?

The Overseas Private Investment Corporation supports U.S. businesses investing in some 140 developing countries and emerging market economies around the world...

creating jobs, exports, and economic growth at home and abroad. A U.S. government agency, OPIC fosters American global competitiveness and promotes U.S. foreign policy goals, including support of democratic and economic reform in emerging market and former centrally-planned economies. OPIC programs are for U.S. citizens, U.S. companies more than 50 percent owned by U.S. citizens, or foreign corporations at least 95 percent U.S. owned. To receive OPIC assistance, projects may not have a negative impact on the U.S. economy, and must meet standards regarding the environment and recognition of worker rights in the host country.

OPIC finances U.S. business growth...

through direct loans and loan guaranties that provide medium- to long-term funding to ventures involving significant equity or management participation by U.S. businesses. Two types of financing are available for new ventures or expansion or modernization of existing, successful operations: **loan guaranties** — used typically for larger projects and ranging in size from \$10 million to \$200 million; and **direct loans** — reserved for projects involving U.S. small businesses and cooperatives and generally ranging from \$2 million to \$30 million. OPIC can provide limited recourse project financing in countries where convention-

al financial institutions often are reluctant or unable to lend on this basis. Rather than relying on sovereign guaranties, OPIC provides "project financing" which looks for repayment from revenues generated by the project.

Also, OPIC's family of investment funds offers equity capital to start or expand businesses that involve U.S. private participation.

OPIC protects U.S. investors against political risks overseas...

by offering insurance against the following: **currency inconvertibility** — inability to convert profits, debt service and other returns from local currency into U.S. dollars and transfer those dollars out of the host country; **expropriation** — loss of an investment due to expropriation, nationalization, or confiscation by a foreign government; and **political violence** — loss of assets or income due to war, revolution, insurrection or politically motivated civil strife, terrorism or sabotage. Coverage is available for equity investments in new ventures or expansions or modernizations of existing enterprises, parent company and third party loans and loan guaranties, technical assistance agreements, cross-border leases and other forms of investment exposure. OPIC also insures contractors, exporters, and financial institutions. To be eligible for insurance, investors must submit an *OPIC Request for Registration for Political Risk Insurance* form before making an irrevocable commitment to a project.

OPIC helps U.S. businesses find foreign joint venture opportunities...

by conducting *investment missions* which bring groups of U.S. executives to selected countries to meet potential joint

venture partners, as well as host country government officials and local business leaders who can play key roles in bringing proposed business ventures to fruition.

OPIC also sponsors *conferences* and *seminars* related to international investment and trade, introducing American companies to business opportunities that can help them expand and prosper in the global economy.

Need more info?

You can call OPIC 'round-the-clock

OPIC's automated information lines provides callers with detailed descriptions of OPIC finance, insurance and investment development programs 24 hours a day. The system is designed to meet the growing demand for quick answers to basic questions about OPIC programs.

Callers can listen to recorded program descriptions, or obtain printed program information via mail or fax by calling the OPIC InfoLine: (202)336-8799.

A variety of OPIC documents — from a preliminary finance application to a registration form for OPIC political risk insurance — can be obtained instantly via your fax machine by calling the OPIC FactsLine: (202)336-8700.

Africa
and the
Middle East

END

05-02-96